

A PRESENTATION OF THE REVISED SCHEMATIC DESIGN FOR THE MCLEOD CENTER PROJECT WILL TAKE PLACE AT THE NOVEMBER MEETING

**G.D. 9b
Addendum**

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Register of University of Northern Iowa Capital Improvement Business Transactions for Period of September 16, 2003, Through October 16, 2003
Date: November 3, 2003

Recommended Action:

McLeod Center project (see pages 3 through 11);

1. Consider the capital evaluation criteria for the **McLeod Center** project (pages 9 through 11) as follows:
 - a. Acknowledge receipt of the University's final submission of information to address the Board's capital project evaluation criteria;
 - b. Carefully review and consider the revised information submitted to determine whether the desired standards for the criteria are being met;
 2. Consider the recommendations of the Banking Committee relative to the business and financing plan for the Event Complex;
 3. Consider revised schematic design Option A or Option B, and the associated project budget (Option A at \$22,138,607, or Option B at \$20,183,199);
 4. Based on consideration of the above steps, approve the selected revised schematic design, and associated project description and budget, with the understanding that this will constitute final Board approval and authorization to proceed with construction; and
 5. Approve the architectural amendments with Herbert Lewis Kruse Blunck, Des Moines, Iowa (totaling up to \$306,445).
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Executive Summary:

Requested
Actions

For the **McLeod Center** project, subject to Banking Committee approval at its November meeting of one of two financial options for the Event Complex (Option A with a project budget of \$22,138,607, or Option B with a project budget of \$20,183,199), the University requests approval of the revised schematic design for the selected option, and the associated project budget, and architectural amendments with Herbert Lewis Kruse Blunck, Des Moines, Iowa (totaling up to \$306,445).

- Option A, the University's preferred choice, incorporates a commissary kitchen, retractable seating at the north end of the event floor, finishing of the alumni suite on the mezzanine level above the north seating area, and a rigging system and catwalks.
 - Option B incorporates the retractable seating at the north end of the event floor, and the rigging system and catwalks.
 - A presentation of the schematic design for Options A and B will take place at the November meeting; the schematic design booklet is included with this addendum.
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Background and Analysis:

McLeod Center

<u>Project Summary</u>			
	<u>Amount</u>	<u>Date</u>	<u>Board Action</u>
Permission to Proceed		Nov. 2001	Approved
Architectural Agreement (Herbert Lewis Kruse Blunck, Des Moines, IA)	\$ 1,487,300 *	May 2002	Approved
Program Statement		Oct. 2002	Approved
Schematic Design		April 2003	Received Report
Initial Review and Consideration of Capital Project Evaluation Criteria		July 2003	Received Report
Schematic Design		July 2003	Approved
Final Review and Consideration of Capital Project Evaluation Criteria		Nov. 2003	Requested
Revised Schematic Design – Option A or Option B		Nov. 2003	Requested
Project Description and Total Budget - Option A	22,138,607	Nov. 2003	Requested
or	or	or	or
Option B	20,183,199	Nov. 2003	Requested
Architectural Amendments (Herbert Lewis Kruse Blunck, Des Moines, IA)			
Architectural Amendment #1	106,445	Nov. 2003	Requested
Architectural Amendment #2	200,000 (est.)	Nov. 2003	Requested

* The original approved fee of \$1,903,200 also included funds for design of the Human Performance Center; the fees are now being tracked separately.

Background Construction of the McLeod Center would provide a 6,100 seat multipurpose arena to host athletic events, including men’s and women’s basketball games, volleyball matches, and wrestling meets, and other special events.

- The facility would be constructed immediately to the south of the UNI-Dome.

July 2003 Action In July 2003, the Banking Committee was asked to review the University’s report on the proposed business and financing plans for the Event Complex, including the University’s understanding that construction of the Arena would not begin until funding has been secured in the amount of \$19.5 million (the anticipated project budget at that time).

The Banking Committee was also asked to consider providing recommendations to the Board and University regarding the proposed financing plan.

The Banking Committee recommended that a third-party feasibility study be obtained to validate the business plan estimates of operating revenues and expenses; the firm of C. H. Johnson Consulting of Chicago, Illinois, was later selected to undertake the study.

The Board approved the schematic design for a facility which would have had a project budget of \$19.5 million; it was understood that construction of the Arena would not begin until funding had been secured or pledged in this amount, and that approval of the design did not constitute Board final project approval under the new criteria.

October 2003
Banking
Committee Action

In October 2003, the Banking Committee was presented with the results of the feasibility study conducted by C. H. Johnson Consulting and an updated business and financing plan for the Event Complex.

The Banking Committee deferred action on the business and financing plan and requested the following information for review at the November 2003 Banking Committee and Board meetings.

- Additional analyses of the findings that support the projections and conclusions of the feasibility study;
- A revised schematic design which incorporates the selected program enhancements;
- The project budget for the **McLeod Center** with the cost of the selected program enhancements;
- Updated business and financing plan for the proposed budget;
- An update on the outstanding issues relating to the agreement with the City of Cedar Falls.

November 2003
Banking
Committee

The Banking Committee is scheduled to discuss two business and financing plans presented by the University as outlined in B.C. 4:

- Option A, the University's preferred choice, which has a project budget of \$22,138,607; or
- Option B, which has a project budget of \$20,183,199.

Program
Enhancements
Incorporated into
Schematic
Design

The schematic design (presented in April and approved in July) has been revised to incorporate two different scenarios, Options A and B; these options include additional program enhancements for the facility based on the recommendations of C. H. Johnson Consulting.

- Option A, the University's preferred choice, incorporates a commissary kitchen, retractable seating at the north end of the event floor, finishing of the alumni suite on the mezzanine level above the north seating area, and a rigging system and catwalks.
- Option B incorporates the retractable seating at the north end of the event floor, and the rigging system and catwalks.

Revised
Schematic
Design

The schematic design booklet is included with this addendum.

The following are highlights of the **interior design**:

The facility would consist of four levels:

The Event Level includes the event floor.

- **Options A and B** incorporate a **retractable seating** area at the north end of the event floor; the retraction of these seats would clear this floor area to accommodate a concert stage, thereby providing an additional concert configuration for the facility.
- The level would also house locker rooms and other support spaces in the underground area to the north of the event floor.
 - The locker rooms for men's and women's basketball and women's volleyball would be located in the western half of this area; the locker rooms for visiting teams, and men's and women's coaches, would be located in the eastern half.
 - **Option A** incorporates the **commissary kitchen** in the eastern half of this underground area with adjacent mechanical space; a storage area is provided in the western half of the underground space. This option requires the addition of 5,000 net square feet to the design.
 - **Option B** provides the storage area and adjacent mechanical space in the eastern half of the underground area and incorporates two single staff restrooms along the north-south corridor; no additional space would be constructed in the western half of this area.
 - The support spaces would be directly accessible from the event floor and would connect with the event level of the UNI-Dome to the north.
 - The loading dock to serve the facility would also be located in the eastern half of this area.

The Mezzanine Level above would house additional support spaces and an enclosed viewing area.

- This level would include coaches offices for men's and women's basketball and women's volleyball, and a ticket office.
- Also included would be an alumni hospitality suite which would be centrally located on this level to provide views of the events below.
 - **Option A** includes the finishing of the **alumni suite**.
- The scoreboard would be located in a strip above the windows of this viewing area.

The Concourse Level above would serve the building entrances located along the north and south walls, and the seating areas below.

- The seating areas would be accessed via stairways down from this level.
- The concession and public restroom areas would be located along the east and west walls; the two concession areas would be centrally located, and the restrooms would be generally located in the four corners.
- An open viewing platform would be provided in the northern area of this level above the alumni suite.
- Also proposed for this level is the future development of a Hall of Fame, an athletics display area which would extend north from the Concourse Level of the facility to the UNI-Dome; however, this work would be included as an alternate to the construction contract and would only be completed if funds are available.

The Mechanical/Catwalk Level would include mechanical areas in the four corners, a centrally located **rigging system**, and perimeter **catwalks**.

- **Options A and B** incorporate the **rigging system** and expand the **catwalks** at this level.

The building interior would also feature structural steel roof trusses.

An elevator at the northwest corner would serve all levels of the facility and would be accessible from the ticket office entrance at the north mezzanine level.

Public Restrooms

The facility would provide a total of eight public restroom areas (four male and four female), with 68 female toilet fixtures, 32 female lavatories, 12 male toilet fixtures, 16 urinals, and 12 male lavatories.

The following are highlights of the **exterior design**:

The arena would feature a rectangular shape constructed primarily of metal panels; the entrance areas, located along the north and south walls, would be identified by window extensions above.

Each entrance would be served by a series of steps; an accessible ramp would be provided at the south entrance, and an accessible entrance would be provided at the mezzanine level of the north entrance.

Roof

The roof would feature a low-sloped design constructed of a rubber membrane material.

- The rubber membrane material was selected for its durability and life expectancy (approximately 20 years).

Square Footage
 Table

The following table compares the square footages in the October 2002 building program with the square footages in schematic design Options A and B which incorporate the program enhancements.

	<u>Detailed Building Program</u>			
	<u>Building Program Oct. 2002</u>	<u>Schematic Design Option A</u>	<u>Schematic Design Option B</u>	
Spectator Facilities	65,200	62,740	62,740	
Team Facilities	23,685	19,315	19,315	
Back of House	2,350	2,135	2,135	
Commissary Kitchen	<u>0</u>	<u>5,000</u>	<u>0</u>	
Total Net Assignable Space	91,235	89,190	84,190	nsf
Total Gross Square Feet		116,200	111,050	gsf
Net-to-Gross Ratio		77 percent	76 percent	
Project Budget		\$ 22,138,607	\$ 20,183,199	

Schematic Comparisons The additional 5,000 net square feet of space in Option A (a total of 89,190 net square feet) compared to Option B (a total of 84,190 net square feet) represents the inclusion of the commissary kitchen. (The finishing of the Alumni Suite does not impact the square footage of the project.)

The additional project cost for Option A is \$1,955,408; this represents the cost to incorporate the kitchen and to finish the Alumni Suite.

Schematic design Options A and B reflect total decreases of 2,045 and 7,045 net square feet, respectively, from the approved building program.

- In comparing both schematic design options to the approved building program, the spectator facilities decrease by 2,460 net square feet, the team facilities decrease by 4,370 net square feet, and the back of house space decreases by 215 net square feet.

Parking The McLeod Center would be constructed at the site of an existing parking lot that has a capacity for 425 vehicles; approximately one-third of this parking area would remain following construction of the facility.

The University has also begun initial discussions for development of a 600 stall parking area to the west of the McLeod Center; construction of this parking lot would be financed separately from the project.

Schedule The University anticipates bidding the McLeod Center in the summer of 2004, with an anticipated completion date of summer 2006.

Funding Private Funds, City of Cedar Falls Loan, Proceeds of Golf Course Sale, Field House Surplus Funds, and Field House Revenue Bonds.

Option A Project Budget

Construction	\$ 18,170,000
Design, Inspection and Administration	2,030,000
Furniture and Equipment	780,000
Artwork	111,000
Contingency	<u>1,047,607</u>
TOTAL	<u>\$ 22,138,607</u>

Option B Project Budget

Construction	\$ 16,700,000
Design, Inspection and Administration	1,750,000
Furniture and Equipment	715,000
Artwork	101,000
Contingency	<u>917,199</u>
TOTAL	<u>\$ 20,183,199</u>

Architectural
Amendments

Amendments #1 and #2 to the design agreement with Herbert Lewis Kruse Blunck, Des Moines, Iowa, would provide the following.

- Amendment #1 (\$106,445) would provide compensation for additional design services based on the estimated project budget associated with the schematic design presented in April 2003. (The estimated budget increased \$1.5 million from the October 2002 program statement.)
 - Amendment #2 (not to exceed \$200,000) would provide compensation for expanded design services to incorporate the additional program enhancements into the facility based upon the recommendations of C. H. Johnson Consulting. (If the program enhancements in Option B are selected, Amendment #2 would total less than \$200,000.)
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Evaluation
Criteria

Since the project meets the Board's definition of a major capital project, the University has provided the following information in response to the Board's evaluation criteria.

Institutional
Mission/Strategic
Plan

In UNI's Strategic Plan, the vision of the university is to be the nation's finest public comprehensive university, known for high quality learning environments and a genuine sense of community. This vision is very much about Iowa and as UNI President Koob states in a message accompanying the Strategic Plan, "UNI's priorities reflect and support many of the initiatives in Governor Tom Vilsack's Iowa 2010 Plan – educational excellence at every level, the power of a growing cultural diversity, a healthy environment, lifelong learning, personal wellness, caring communities, social and individual responsibility, and a world-class reputation and identity." The McLeod Center will help us continue to attract the finest Iowa student-athlete, as well as enhance student recruitment in general.

The McLeod Center project provides a "laboratory" that intertwines UNI's Strategic Plan Goal 1, "Provide intellectually stimulating and challenging experiences for students that broaden and deepen their perspective and awareness."

The McLeod Center will fulfill the University's Strategic Plan Goal 3, "Expand the involvement of the university in addressing critical local, state, national and global needs that also enrich the educational experiences offered by the university, especially Objective 3.3, "Serve the state and region through applied research, service, and economic development services."

State budgets and the overall economy require us to look for new and inventive ways to increase revenue opportunities and enhance the economic well being of the city, region and state. UNI, a public university, has an obligation to assist its local communities and state economically. UNI receives a large portion of its budget from the state, and it has an obligation to give back. The McLeod Center will create visitor traffic, increase revenue and attract businesses to invest and create new jobs. Research by the Institute for Decision Making indicates that by adding the McLeod Center to the UNI campus, an additional 370,000 visitors will enjoy a variety of event programming and will generate more than \$23 million in additional revenue to the City and the Cedar Valley. This research was independently validated by C. H. Johnson Consulting Inc. in September 2003.

In fiscal year 2004, a total of 69 events are projected to be held at the Dome, with a total attendance of 297,000. Event and attendee demand in 2004 and 2005 at the Dome is expected to be similar as in previous years, although slightly more event dates will be available due to the completion of roof repairs. In 2007, when the McLeod Center opens, total demand at the Events Complex (the Dome and arena) is projected to be 116 events and 469,000 attendees. Of these events, 45 are projected to be held in the Dome and 71 are projected to be held in the arena. Throughout the course of the projection, total Events Complex demand is projected to increase to a maximum of 133 events and 654,000 attendees, as the arena in particular builds up a base of demand and proves its attractiveness as an event destination.

This project is also consistent with UNI's Strategic Plan, Goal 7, "Continue to improve capital, physical and informational resources at the University." McLeod Center is designed to meet the needs of today's athletics and large-scale entertainment programs. With basketball moving to McLeod Center, the UNI-Dome will be available for more opportunities to program events and shows.

Other Alternatives Explored A facility of this size does not exist in the Cedar Valley. The McLeod Center will provide a state-of-the-art venue for University events and uses. With the UNI-Dome and the Performing Arts Center, these three facilities will offer a variety of opportunities to attract the shows the public wants.

Impact on Other Facilities and Square Footage This project will provide needed offices and locker rooms for UNI's Division I athletic programs. Current offices are inadequate and several teams must use the existing locker facilities in the West Gym and the Wellness Recreation Center. Relocation of these offices will alleviate space needs in the University's other athletic facilities.

Financial
Resources for
Construction
Project

The business plan for this facility is being submitted concurrently with the request for approval of the Business Plan, Schematic Design, and Project Budget of the McLeod Center. The McLeod Center will be operated as part of a self-supporting auxiliary enterprise known as the Event Complex. The project budget of \$22.14 million (Option "A") is expected to be funded by private fundraising, a loan from the City of Cedar Falls, proceeds from the sale of the University's golf course to the Iowa Department of Transportation, the Field House Enterprise Surplus Fund, and borrowed funds. The Executive Committee of the UNI Foundation voted to guarantee pledges to the arena in the amount of \$17 million and to guarantee \$500,000 should the loan from the City of Cedar Falls not materialize.

Financial
Resources for
Operations and
Maintenance

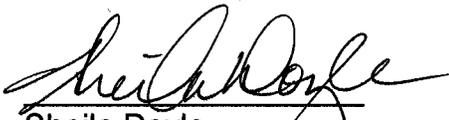
Resources available to operate the Field House Enterprise (Dome and Arena) include University support, rental income from the public, student fees, concessions income, merchandise income, parking income, sponsorship and advertising income, enterprise surcharges, and investment income.

C. H. Johnson Consulting Inc. completed a financial feasibility study in October, 2003 which opined the Events Complex can be operated without an increase in student fees or University rental income. The study concluded that the Events Complex met the required debt service coverage for parity bonds.

The Field House Enterprise includes a Surplus Fund, which funds the costs of maintaining the facility. Revenues in excess of operating expenses will be transferred to the Surplus Fund on an annual basis. It is assumed five percent of operating revenue will be expended for maintenance annually.

External Forces

Fundraising for this project is substantially complete and it has been very successful. UNI alumni and supporters across the region, state, and nation have contributed to the project.



Sheila Doyle

Approved: 
Gregory S. Nichols